

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-07 ISO-00 SP-02 AID-05 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-03 H-02

PA-01 PRS-01 CIAE-00 COME-00 FRB-03 INR-07 NSAE-00

USIA-06 XMB-02 OPIC-03 /089 W
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P 161016Z JAN 76

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC PRIORITY 6150

INFO AMEMBASSY LONDON PRIORITY

AMEMBASSY PARIS PRIORITY

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DEPARTMENT PASS TREASURY FOR BUSHNELL AND CANNER

LONDON PASS TO PELIKAN

E.O. 11652: N/A

TAGS: EFIN, JA

SUBJECT: INFORMATION ON INTEREST CHARGES FOR EXPORTS FINANCED BY
JAPAN EXPORT-IMPORT BANK

1. ASSISTANT FINATT DISCUSSED WITH MATSUMOTO, ASSISTANT
MANAGER LOAN ADMINISTRATION DIVISION, JAPAN EXPORT-IMPORT
BANK, AND MR. EBIHARA, EXPORT INSURANCE DIVISION MITI,
CONCERNING FEES OTHER THAN INTEREST CHARGES ON EXPORTS
FINANCED BY JAPAN EX-IM BANK.

2. ACCORDING TO MATSUMOTO ONLY FEE ASIDE FROM INTEREST
IS CHARGED FOR COMMITMENT OF DIRECT LOANS. THIS FEE IS
0.5 PERCENT PER ANNUM ON UNDISBURSED PORTION OF THE LOANS.
OCCASIONALLY THIS CHARGE IS 0.25 PERCENT PER ANNUM BUT
REPORTEDLY SUCH A RATE IS UNCOMMON. SINCE DIRECT LOAN
IS JOINT LOAN BY EX-IM BANK AND JAPANESE COMMERCIAL
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BANK, CHARGE IS FOR ENTIRE AMOUNT, NOT MERELY EX-IM BANK

SHARE. ACCORDING TO MATSUMOTO, THERE ARE TWO METHODS OF DETERMINING STARTING DATE OF COMMITMENT: (A) CONCLUSION OF LOAN AGREEMENT OR (B) APPROVAL OF CONTRACT. LATTER METHOD IS COMMON FOR LARGE PROJECT WHICH HAS SEVERAL CONTRACT PORTIONS. MATSUMOTO SAID EACH METHOD IS ABOUT EQUALLY COMMON.

3. EBIHARA SAID THAT OF EIGHT TYPES OF INSURANCE PROVIDED BY MITI ONLY "EXPORT PROCEEDS INSURANCE" IS REQUIRED ON EXPORTS FINANCED BY JAPAN EX-IM BANK. EBIHARA WAS RELUCTANT TO PROVIDE INFORMATION CONCERNING RATES CHARGED CONTENDING THAT METHOD OF CALCULATING INSURANCE WAS QUITE COMPLICATED. NEVERTHELESS HE DID PROVIDE FOLLOWING INFORMATION. PERCENTAGES REFER TO INSURED PORTION OF SHIPMENT, THAT IS 90 PERCENT OF THE TOTAL VALUE OF THE SHIPMENT. CHARGE FOR INSURANCE ON SHIPMENTS TO LEAST RISKY COUNTRY FINANCED FOR ONE YEAR OR LESS WOULD BE 0.005 PERCENT. CHARGE FOR TEN YEAR FINANCING TO COUNTRY OF SAME FISK CLASS (I.E. US OR STRONG EUROPEAN COUNTRIES) WOULD BE ABOUT 1.0 PERCENT. CHARGE FOR FINANCING OF SHIPMENT OF ONE YEAR OR LESS TO COUNTRY PLACED IN "MOST RISKY" OF FIVE CLASSES WOULD BE 0.5 PERCENT. FOR TEN YEAR FINANCING TO COUNTRY IN THIS CLASS CHARGE WOULD BE 5.0 PERCENT. EBIHARA SAID, HOWEVER, THAT ADDITIONAL CHARGES WHICH COULD BE REQUIRED FOR LOAN OF LONG TERM TO MOST RISKY COUNTRY MIGHT IN THEORY RAISE THE CHARGE TO AS MUCH AS 15 PERCENT. EBIHARA SAID THERE ARE NO ADDITIONAL SPECIFICATIONS FOR MAGNITUDE OF INSURANCE (I.E. NO DISTINCTION BETWEEN "LARGE" AND "ORDINARY" EX-IM FINANCED PROJECTS.

4. FOR PARIS: PASS TO PELIKAN AT OPENING OF BUSINESS MONDAY JAN. 19.
HODGSON

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Margaret P. Grafeld
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TAGS: EFIN, JA, US, XMB, (MATSUMOTO)
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